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1 MAR 1977

MEMORANDUM FOR: Assistant for Information, DDA

FROM : James H. McDonald
Director of Logistics

SUBJECT : Recommendations Resulting from the IG
Survey of the DDA

REFERENCE : Memo dtd 8 Feb 77 to D/L fm AI/DDA, same
subject (DDA 77-0716; OL 7 0693)

1. Following are actions taken by this Office to implement those IG report items which fall in our area of responsibility and which were approved by the Acting Director of Central Intelligence:

IG Recommendation 10:

We have determined that there are no Federal regulations or procedures governing the disposal of obsolete but sensitive material. Other Government agencies, including GSA, routinely destroy such material as a matter of course. An inquiry will be made to DOD as to how that Department disposes of sensitive material and the results of that request reported as soon as available.

IG Recommendation 12:

The problem here involves receipt of goods and services at points other than an Agency depot, e.g., NPIC. We have assigned an officer full time to conduct an in-depth study of the scope of activity involved and to recommend a solution or solutions. This study should be completed by 11 March. We will be in a position to provide a more

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definitive solution shortly after that date.
All actions to be taken will, of course, be
coordinated with OF.

IG Recommendation 13:

We have reached agreement with OF with respect to waiving contract audits of small dollar procurement contracts. The necessary Memorandum of Understanding will be signed within the next 30 days. The agreement reached calls for OF/CSAD audit of all cost-type or fixed-price contracts containing price redetermination audit provisions which are in excess of \$10,000. The agreement further allows for audit of any other contracts which the Contracting Officer or the C/CSAD determines should be audited. This procedure, which incidentally is consistent with that of the Defense Contract Audit Agency, provides flexibility adequate to allow audits of small dollar contracts as necessary.

2. We will provide final reports as actions taken in response to the three recommendations discussed above are completed.

/s/ James H. McDonald

James H. McDonald

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Approved For Release 2003/04/29 : CIA-RDP80-01735R000100110010-3

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Approved For Release 2003/04/29 : CIA-RDP80-01735R000100110010-3